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Report Highlights:

This report provides a news synopsis of trade policy and agriculture/commodities in China. It includes information on: (1) USDA Under Secretary Miller Advances Trade Agenda in JCCT Working Group Meetings; (2) AQSIQ Concerned About Potential Trade Impacts of Food Safety Enhancement Act of 2009; (3) Legislature Sends Work Groups to Evaluate Food Safety Law Enforcement, (4) 2009 Domestic Soybean Production Lower Than Expected; (5) Northeast Soybean Processing Enterprises May Receive Subsidies.

General Information:

Under Secretary Miller Advances Trade Agenda in JCCT Working Group Meetings: In meetings with Agriculture Vice Minister Niu Dun and AQSIQ Vice Minister Wei Chuanzhong, Under Secretary for Farm and Foreign Agricultural Services Jim Miller urged progress to eliminate unnecessary technical restrictions on U.S. pork, beef, produce and other key products. Vice Minister Niu and Vice Minister Wei raised a number of Chinese trade concerns

including U.S. restrictions on poultry, fruit, and aquaculture. The two sides also discussed cooperation in global food security, climate change, and sustainable agriculture development. The discussions laid important groundwork toward resolving trade issues and expanding cooperation in agriculture in lead up to the JCCT Plenary, to be held October 28-29 in Hangzhou.

AQSIQ Concerned About Potential Trade Impacts of Food Safety Enhancement Act of 2009: The General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic China (AQSIQ) is keeping close watch on the status of the U.S. Food Safety Enhancement Act of 2009. AQSIQ has pointed out that this bill already passed in House of Representatives, and could have a deep impact on China's producers, manufactures and exporters if it comes into law. Key concerns include: a requirement to establish a corps of inspectors dedicated to inspections of foreign food facilities, increased third-party testing of imported products, annual registration of importers, and country of origin labeling.

Legislature Sends Work Groups to Evaluate Food Safety Law Enforcement: The Standing Committee of China's National People's Congress (NPC) recently decided to send five work groups to 10 municipalities and provinces to ensure the new food safety law introduced June 1 is being properly enforced. The work groups, headed by five vice chairpersons of the NPC Standing Committee, will visit the municipalities and provinces from September through December. The work groups are scheduled to deliver their reports at the 13th meeting of the Standing Committee of the 11th NPC, slated for February 2010. A key objective of the new law is to improve the efficiency of the food safety monitoring network through tougher standards, strict supervision, a recall system for substandard products and severe punishment for offenders. The work groups are scheduled to visit the municipalities of Beijing and Chongqing, the provinces of Hebei, Shanxi, Heilongjiang, Zhejiang, Anhui, Fujian and Shandong, and Guangxi Zhuang Autonomous Region. (Farmers' Daily, 9/23/2009)

The 2009 Domestic Soybean Production Lower than Expected: Industry insiders at the China Grain and Oilseed Market Analysis Conference, held on September 19-20, 2009 in Harbin/Heilongjiang, estimated that the 2009 domestic soybean production is down significantly to 14.5 MMT mainly because of reduced planted area plus bad weather conditions. A drought occurred in early spring and was accompanied with long wet days and lack of sunshine in summer with low temperature and early frost in autumn. One senior manager of the largest crusher in Heilongjiang said 2009 Heilongjiang soybean production is expected to decrease by 3 MMT based on small planted area and bad weather conditions. (Grain and Oilseed Daily, 9/22/2009) The lower supply of soybeans produced domestically will require China to rely more on imports to make up the difference.

Northeast Soybean Processing Enterprises May Receive Subsidies: According to local press reports quoting agriculture officials, northeast soybean processing enterprises based in the provinces of Jilin, Liaoning, Heilongjiang, Inner Mongolia, will be given subsidies starting next month to support purchases totaling 1,950,000 tons. The subsidies are needed to clear 2,000,000 tons of soybeans from state reserves that could not be sold through state auctions due to high offer prices. Some industry officials have called for an anti-dumping investigation of U.S. soybeans due to import prices for U.S. soy that remain below Chinese soybean prices. (Economic News Daily, 9/21/2009)